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March 10, 2011

TO: Each Supervisor

FROM: Mitchell H. Katz, M.D.
Director

Mitchell H. Katz

SUBJECT: **INTERGOVERNMENTAL TRANSFER FOR 1115 WAIVER
DELIVERY SYSTEM REFORM INCENTIVE POOL**

We previously reported to your Board that the financing and other procedural details related to 1115 Waiver implementation are still being finalized, and as a result, time-sensitive requirements could arise. This is to advise your Board that the State has requested the submission of Intergovernmental Transfers (IGT) by counties participating in the 1115 Waiver Delivery System Reform Incentive Pool (DSRIP). Submission of these IGTs will allow the State to draw down federal matching funds.

The Fiscal Year 2010-11 IGT for the Department is \$141.3 million with an estimated return of approximately \$342.7 million. On March 8, 2011, the Department was notified by DHCS that the DSRIP IGT must be submitted by Friday, March 11.

The short timeframe for submission of the IGTs is due to the pending reduction of the Federal Medical Assistance Percentage (FMAP) to a lower level on April 1, 2011. If the State is not able to draw down the federal matching funds by March 31, 2011, the participating counties will receive reduced DSRIP revenue. The Department intends to submit the IGT of \$141.3 million on Friday, March 11, 2011. The Auditor-Controller and the Chief Executive Office are in concurrence with this action.

The State intends to submit the DSRIP IGTs to the Centers for Medicare and Medicaid Services on an expedited schedule that would return the federal funds to counties by March 31, 2011. At present, however, the federal government is operating based on a stopgap funding measure which expires March 18, 2011. If Congress does not reach agreement on the federal budget or does not pass another short-term extension beyond the March 18 date, it is possible that the federal matching funds may not be forthcoming by the target date. If this were to occur, the State has agreed to return the IGT funds to the participating counties.

If you have any questions or need additional information, please let me know.

MHK:ANW:co

c: Auditor-Controller
Chief Executive Office
Executive Office, Board of Supervisors
County Counsel